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# **National Intelligence Bulletin**

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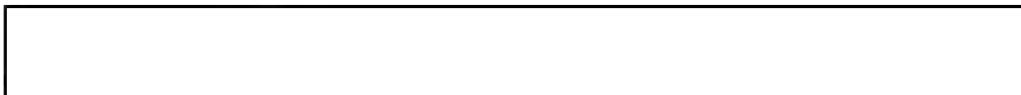
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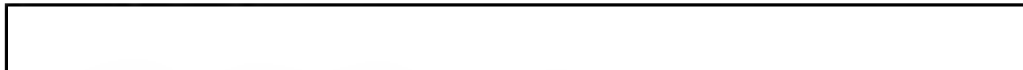
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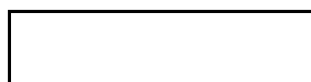
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### INDIA

Prime Minister Gandhi's crackdown on the political opposition yesterday opens a new phase in her fight to stay in office. Thus far, the proclamation of a state of emergency has resulted in no significant disturbances in politically volatile urban areas.

Mrs. Gandhi's immediate aim in arresting key opposition figures and censoring both the domestic press and foreign correspondents is to head off a nationwide civil disobedience movement. Numerous opposition parties had scheduled such a movement to begin next week. Until yesterday, Mrs. Gandhi had for over a year carefully avoided taking drastic measures against the opposition, such as her foremost critic, J. P. Narayan, who was among the hundreds jailed.

To carry off her latest move, Mrs. Gandhi needs the backing of her Ruling Congress Party. So far, we have no evidence that support has dwindled by a significant degree. Mrs. Gandhi's most likely successors, Agriculture Minister Ram or Finance Minister Chavan, are still giving her strong public support. Yesterday, six long-standing Congress Party mavericks in parliament were suspended from the party and several were arrested. The party leadership is in no mood to tolerate open dissent within the ranks.

Leaders of the armed forces reportedly were not forewarned about the emergency proclamation. The military is reluctant to intervene in civil disorders, and Mrs. Gandhi probably does not anticipate calling on the army to assist in maintaining public order unless the situation deteriorates drastically. Police and paramilitary forces have expanded considerably in the last few years, and they probably can control any protest demonstrations that result from the crackdown.

It appears unlikely that Mrs. Gandhi will reconvene parliament in July for its usual summer session. She must, however, under the terms of Indian law, gain approval of the emergency proclamation by both houses of parliament within two months—i.e., by late August—or the proclamation will expire. Conceivably, Mrs. Gandhi might stretch this timetable by dissolving parliament and calling for a new election, which need not be held for six months. This would give her time to repair her reputation within the party and throughout the nation. In a speech to the nation yesterday, the Prime Minister said she would soon be taking further measures to strengthen the economy and remove the hardships now being visited upon many Indians.

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The Supreme Court is expected to begin its review of Mrs. Gandhi's appeal of a lower court conviction for campaign violations shortly after July 14. A judgment might be issued long before an election could be held. The executive branch of the government, despite the extensive powers granted it under the new emergency proclamation, cannot block the Supreme Court's consideration of the appeal.

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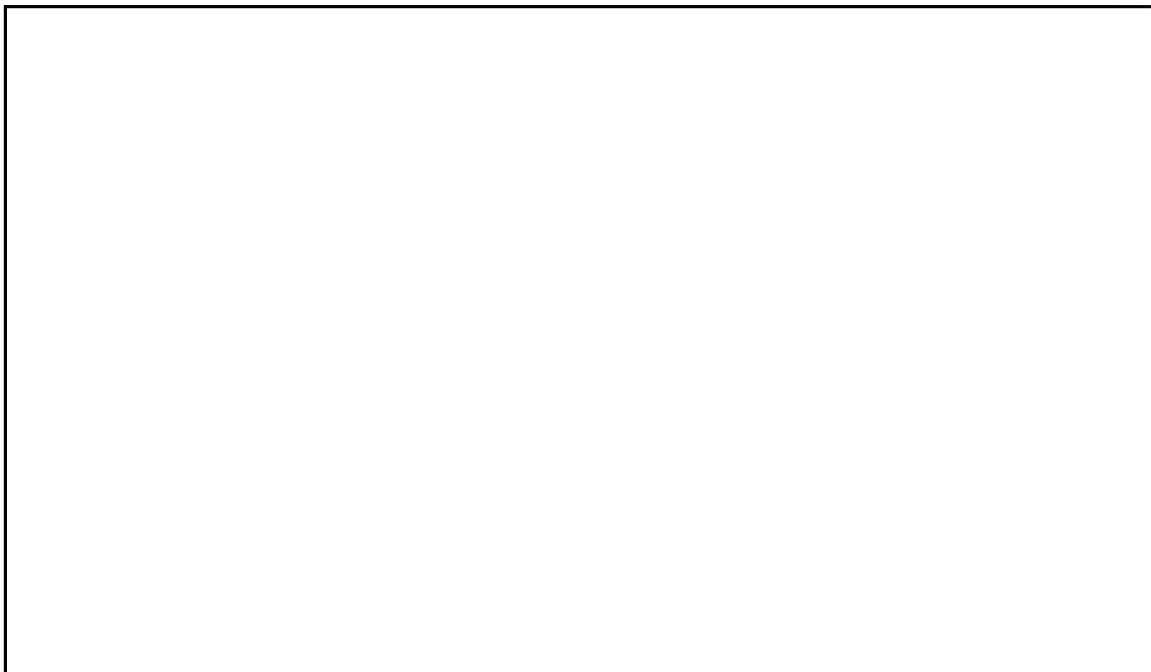
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## USSR-SYRIA

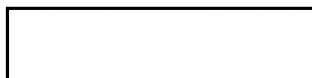
Soviet party secretary Ponomarev's visit to Syria, which ended Wednesday, may have been aimed at smoothing over differences between Damascus and Moscow.



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The timing of Ponomarev's trip may have been related to Syrian Foreign Minister Khaddam's visit to Washington last week. Ponomarev plays an active role in Soviet Middle East matters, and his visit could have been designed to buck up Syrian resistance to Washington, as well as to obtain a reading on Khaddam's conversations with Secretary Kissinger. Although Ponomarev was ostensibly in Syria only to sign an agreement on cooperation with the Baath Party, the presence of the Soviet representative to the Geneva Middle East peace conference indicates that broader political issues were also discussed.

Ponomarev seemed defensive about the impact on US-Soviet detente on Moscow's relations with the Arabs. In an address, over Syrian television, he argued that detente was not inconsistent with Moscow's support for Syria and the Arabs, but instead should be viewed as an integral part of the "struggle against imperialism."



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Ponomarev apparently did not have great success in soothing the Syrians. [REDACTED]

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[REDACTED] his visit received little attention from the Syrian press. A Soviet commentator characterized the atmosphere of the trip as one of "frankness and cordial understanding"—a euphemism for tough talk. Whatever their current differences, it seems unlikely that Moscow and Syria will let their relations become severely strained because each needs the other too much. [REDACTED]

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### EC

Significant decisions were made by the EC on Mediterranean policy, aid to Portugal, and an agreement with Canada at Council meetings early this week.

The Community finally was able to move ahead with its Mediterranean policy after Italy made concessions on the admission of certain agricultural products to the EC. Rome had been unwilling to move earlier for fear that concessions would weaken the government in the regional elections of June 15. It was decided that all the provisions of the free-trade agreement with Israel will enter into force on July 1, preferential trade and cooperation accords with the Maghreb can be concluded, and negotiating directives for agreements with Egypt, Jordan, Syria, and Lebanon can be prepared.

The Council reviewed developments in Portugal and agreed to a "Community action" program to get substantial financial assistance to Lisbon quickly to boost democratic forces there. The EC ambassadors and the Commission are to prepare specific proposals by July 15 on the amount and terms of assistance.

Concerning Canada, the Council was "generally in favor" of Commission proposals for a nonpreferential agreement to include provisions for industrial and environmental cooperation. The EC-Canadian agreement is to serve as a model for arrangements with other developed countries and, the Commission hopes, as a precedent for EC cooperation arrangements with China, Iran, and the East European states. France agreed, but insisted such EC-wide agreements should not supplant bilateral pacts.

The tentative agenda agreed on for the EC heads-of-government meeting next month in Brussels reflects continuing European preoccupation with economic problems. The topics include raw materials, energy, and the economic situation of the Community. A discussion of monetary and financial questions also has been listed at the suggestion of France. Paris is scheduled to rejoin the EC currency float immediately prior to the meeting. In addition, the leaders are preparing for informal discussion of the future of the Community, in the wake of the UK referendum.

The relatively smooth operation of EC meetings during the past six months is due in large part to the chairmanship of Irish Foreign Minister FitzGerald. Political developments in Italy are expected to preoccupy the incoming Italian chairman during his six-month term, and this may preclude any comparable performance.

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**PORTUGAL-AZORES**

Lisbon's decision to meet some of the demands voiced by Azorean farmers and small businessmen during the disruptive demonstrations in Ponta Delgada earlier this month should reduce popular discontent with the mainland and at least temporarily dampen support for separation. Problems remain, however, and if Lisbon fails to address them, discontent may increase.

The measures being taken to mollify the islanders are aimed largely at two major sectors, agriculture and cattle raising, but action is promised in other areas as well. New pricing policies on cattle exports and critical raw materials imports, as well as equalization of tobacco taxes, should ease the economic pinch on many producers. Not addressed, however, was another serious economic problem, that of raising the price Azoreans receive for milk. Additionally, the Azoreans desire a more clearly defined political-administrative relationship between the islands and Lisbon and the appointment of a new district civil governor for Ponta Delgada.

Meanwhile, an alleged plan to paint Azorean Liberation Front wall slogans on Terceira Island—where the airfield used by the US and Portugal is located—earlier this week apparently was frustrated by military and police roadblocks. This prompt and energetic action reflects an increased readiness to react to even minimal separatist threats. Barring unforeseen developments, Lisbon's economic concessions, increased security precautions by Azorean military units, and the Front's reported lack of funds, arms, and inter-island coordination make it unlikely that the separatists could organize an uprising in the near future.

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**CANADA - SOUTH KOREA**

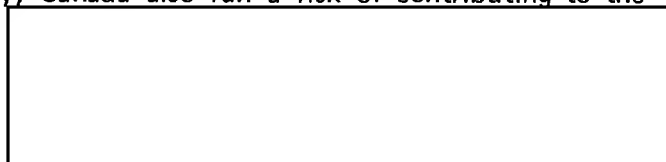
Canadian Foreign Minister MacEachen arrives in Seoul today on an official visit during which he will try to strengthen the safeguards provisions of the draft nuclear sales agreement now under consideration by Canada and South Korea. Ottawa is delaying approval of the sale of a nuclear power reactor to Seoul while it reviews further the provisions for bilateral safeguards.

Seoul had agreed to Canadian demands that it sign the Nuclear Non-Proliferation Treaty and accept a separate bilateral safeguards agreement. President Pak's recent public statement, however, that if the US withdraws its nuclear umbrella, South Korea would have to begin developing its own nuclear weapons has heightened Ottawa's concern over possible misuse of Canadian-supplied nuclear material and technology. Another two to three months may well be required to negotiate the safeguards arrangements.

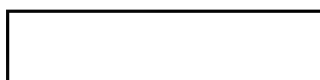


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Prime Minister Trudeau appeared to come down on the side of encouraging sales of Canadian nuclear equipment and technology—albeit under stringent safeguards—when he recently told the House of Commons that developing countries badly need energy, and hence it would be wrong to withhold needed technology. He noted at the same time, however, that Canada was faced with a dilemma: by disseminating nuclear technology, Canada also ran a risk of contributing to the proliferation of nuclear weapons.



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### THAILAND

Tension is building in Bangkok over plans by the National Student Center of Thailand to stage anti-US demonstrations on July 4. Thai police estimate that 5,000 to 10,000 demonstrators may assemble in front of the US embassy, but even if the organizers can not turn out such numbers, there is a potential for serious trouble.

Thai military and police officials were upset over student destruction of the US embassy seal during protests over the Mayaguez affair last month, and they have promised US officials that such action will not happen again. Army commander Krit Siwara, whose political ambitions have until now kept him from speaking out in public against student activism, criticized the proposed anti-US demonstrations during a press conference on June 24. Krit said they would create unnecessary misunderstandings between Thailand and the US.

Last month, Prime Minister Khukrit assured Krit and other key generals that he was prepared to get tough with student agitators, if they threatened the physical security of the US embassy on July 4. Khukrit is now scheduled to be in China next week and to remain through July 4.

Although his trip may deflect public attention from the planned demonstration, there is the possibility that the situation will get out of hand in his absence. Student planners, while claiming the demonstrations will be peaceful, are quoted in the Thai press to the effect that they will meet violence with violence.

Although the government will be anxious to avoid any embarrassing incidents at home while Khukrit is in Peking, some security officials may be quite prepared to crack down on leftist agitators if they become unruly.

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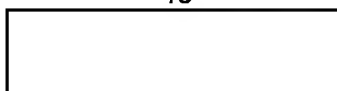
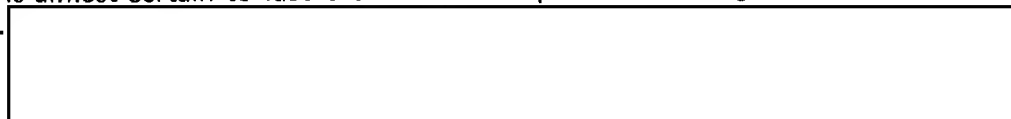


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Colombia: President Lopez has extended to the entire country the state of siege he imposed in three widely separated areas last week. Continuing student demonstrations, protests against economic hardships, and a recent outbreak of guerrilla activity have obliged Lopez to move forthrightly to maintain order. By imposing martial law and all but abandoning his policy of broadening civil liberties, Lopez is almost certain to face the most serious political challenge of his ten-month tenure.

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